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PTQ1261

RELEASED IN PART
B1, 1.4(D)PAGE 01 CARACA 03891 01 OF 02 052321Z
ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00	DINT-00
	DODE-00	DATE-00	PERC-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	LAB-01	L-00	VCE-00	AC-01	DCP-01	NSAE-00
	OES-00	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00
	P-00	SP-00	IRM-00	SSO-00	STR-00	TRSE-00	USIE-00
	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00
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O 052223Z DEC 02
 FM AMEMBASSY CARACAS
 TO SECSTATE WASHDC IMMEDIATE 8854
 INFO OPEC COLLECTIVE
 AMEMBASSY BOGOTA
 AMEMBASSY BRASILIA
 AMEMBASSY LA PAZ
 AMEMBASSY LIMA
 AMEMBASSY MEXICO
 AMEMBASSY PORT OF SPAIN
 AMEMBASSY QUITO
 DEPT OF COMMERCE WASHDC
 DEPT OF ENERGY WASHDC
 NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 003891

NSC FOR LLORENS

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 ENERGY FOR DAVID PHUMPHREY, ANDREA LOCKWOOD, MICHELLE
 BILLIG, AND BART MARCOIS

E.O. 12958: DECL: 11/26/2012
 TAGS: EPET, PGOV, ECON, VE
 SUBJECT: PDVSA ON DAY FOUR OF THE GENERAL STRIKE

REF: CARACAS 3880

CLASSIFIED BY: AMBASSADOR CHARLES S. SHAPIRO, REASONS 1.5 (B) AND (D)

 SUMMARY

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1. (C) WHILE THE GOV REPORTS THAT OPERATIONS OF THE STATE-OWNED OIL CONCERN PETROLEOS DE VENEZUELA (PDVSA) WILL BEGIN TO RETURN TO NORMALITY ON DECEMBER 6, OTHER REPORTS PAINT A STORY OF A COMPANY THAT IS INEXORABLY SLOWING DOWN AS THE OPPOSITION STRIKE CONTINUES. SHIPPING HAS EMERGED AS THE MOST SERIOUS BOTTLENECK RAISING CONCERNS FOR CRUDE AND PRODUCT EXPORTS AND THE DOMESTIC FUELS MARKET. STORAGE WILL NOW BECOME AN ISSUE IN BOTH THE EASTERN AND WESTERN PRODUCTION AREAS. INDUSTRY SOURCES CLAIM THAT PDVSA WILL BE FORCED TO SHUTDOWN OIL PRODUCTION IN THE EAST WITHIN 36-48 HOURS WHILE THE WEST SEEMS TO HAVE MORE LEEWAY WITH 4-5 DAYS WORTH OF STORAGE STILL AVAILABLE. END SUMMARY.

ONE SIDE OF THE STORY

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2. (C)

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[REDACTED] PDVSA'S OPERATIONS WILL BE OPERATING WELL ON DECEMBER 6. ECONCOUNS AND ECONOFF HEARD SUBSTANTIALLY THE SAME MESSAGE IN A CALL ON MINISTRY OF ENERGY AND MINES DIRECTOR FOR HYDROCARBONS LUIS VIERMA. VIERMA CLAIMED THAT GAS PRESSURE WAS REESTABLISHED AT THE GIANT PARAGUANA REFINERY COMPLEX ON DECEMBER 5 AND THAT PRODUCTION WOULD INCREASE. HE NOTED THAT DOMESTIC GASOLINE CONCERNS ARE ALSO EASING. THOUGH WE HAVE BEEN INFORMED SHIPPING IS AT A STANDSTILL, VIERMA CLAIMED THAT SHIPMENTS TO THE U.S. WILL BE NORMALIZED WITHIN TWO DAYS. HE ASSERTED THAT A VESSEL HAD STARTED LOADING A SHIPMENT BOUND FOR THE U.S. OF 550,000 BARRELS OF CRUDE AND PRODUCT AT THE GUARAGUAO PORT (PUERTO LA CRUZ) AND THAT TWO OTHER VESSELS WILL BEGIN LOADING SHORTLY. FINALLY, VIERMA ALSO TOLD EMBOFFS THAT THE PILIN LEON, THE PDVSA TANKER ANCHORED NEAR THE LAKE MARACAIBO SHIPPING CHANNEL SINCE THE NIGHT OF DECEMBER 5, HAD BEEN MOVED TO PUERTO MIRANDA AND WAS BEING UNLOADED.

WESTERN OPERATIONS

3. (C) ECONOFF SUBSEQUENTLY CONTACTED MARACAIBO TO INQUIRE ABOUT THE WHEREABOUTS OF THE PILIN LEON. SAYING & I CAN SEE IT OUT MY BEDROOM WINDOWS [REDACTED]

B1

[REDACTED] DISPUTED THAT THE VESSEL HAS BEEN MOVED TO PUERTO MIRANDA FROM THE ENTRANCE TO THE LAKE. INDUSTRY SOURCES IN MARACAIBO REPORT THAT A SIGNIFICANT

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PERCENTAGE OF ALL PDVSA EMPLOYEES RETURNED TO THEIR WORKPLACE
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 DECEMBER 5 BUT LEFT AGAIN FOLLOWING PRESIDENT CHAVEZ'S MORNING SPEECH. REPORTEDLY 80-90 PERCENT OF EMPLOYEES AT ALL LEVELS HAD DEPARTED BEFORE NOON. THE BAJO GRANDE REFINERY IS OPERATING. SHIPPING IN THE LAKE IS AT A STANDSTILL. PRODUCTION CONTINUES BUT WE HAVE RECEIVED ONE REPORT THAT IF REPLACEMENT CREWS DO NOT APPEAR AT 11:00 PM TONIGHT, THE UNIONS WILL DEMAND A WORK STOPPAGE. INDUSTRY SOURCES CLAIM THAT PRODUCTION CAN CONTINUE FOR 4-5 MORE DAYS BEFORE ALL STORAGE IS FILLED.

REFINERY STATUS

4. (C) [REDACTED] B1
 [REDACTED] INFORMED ECONOFF DECEMBER 5 THAT THE GAS PROBLEMS AT THE GIANT PARAGUANA REFINERY WILL BE RESOLVED OVERNIGHT AND THAT NORMAL PRODUCTION WILL RESUME ON DECEMBER 6. ACCORDING TO [REDACTED] B1 THE CONTINGENCY PLAN IS WORKING AT EL PALITO AND OPERATIONS ARE NORMAL. ONE UNIT IS DOWN AT THE PUERTO LA CRUZ REFINERY, ACCORDING TO [REDACTED] (FOR REASONS OTHER THAN THE STRIKE), BUT THE REFINERY IS OPERATING. [REDACTED] B1
 [REDACTED] HOWEVER, INFORMED ECONOFF LATE ON DECEMBER 5 THAT THE PARAGUANA COMPLEX HAS BEEN SHUT DOWN AND WILL REMAIN SO UNTIL PRESIDENT CHAVEZ AGREES TO HOLD ELECTIONS.

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 ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00	INL-00
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	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00
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O 052223Z DEC 02
 FM AMEMBASSY CARACAS
 TO SECSTATE WASHDC IMMEDIATE 8855
 INFO OPEC COLLECTIVE

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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 003891

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HE ALLEGED THAT THE OPERATIONS AT OTHER REFINERIES WILL ALSO
BE AFFECTED.

SHIPPING DELAYS

5. (C) [REDACTED] REPORT THAT 27 TANKERS ARE
ANCHORED OFF OIL TERMINALS UNABLE TO LOAD CARGOES DUE TO A
HALT IN THE NECESSARY INSTRUCTIONS. THE LOCATION OF THE
TANKERS IS DETAILED AS FOLLOWS: 12 IN LAKE MARACAIBO AT
PUERTO MIRANDA, BAJO GRANDE OR LAS SALINAS; FIVE ARE ANCHORED
AT PUERTO LA CRUZ (GUARAGUAO PORT); FOUR AT THE JOSE
TERMINAL; AND SIX AT PARAGUANA. WITH THE EXCEPTION OF ONE
TANKER THAT IS ON THE HIGH SEAS BOUND TO PUERTO RICO, ALL
(12) OF PDVSA'S OWN TANKERS ARE NOW ON STRIKE AND ANCHORED.
TUGBOAT CREWS ARE ALSO ON STRIKE WHILE HARBOR PILOTS ARE
REPORTEDLY ON A WORK SLOWDOWN.

B1

EASTERN OPERATIONS

6. (C) [REDACTED] INFORMED ECONOFF
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AT 1:30 PM DECEMBER 5 THAT WITHIN 2-3 HOURS THE TERMINAL
WOULD SERVE NOTICE TO THE FIELDS IN EL TIGRE THAT THERE WAS
NO MORE SPACE AT THE TERMINAL AND THAT THEIR PRODUCTION
SHOULD BE DIVERTED. ANOTHER INDUSTRY SOURCE REPORTED THAT
PRODUCTION OUT OF THE EASTERN FIELDS HAS ALREADY BEEN CUT.
INDUSTRY SOURCES CALCULATE THAT PDVSA WILL HAVE TO START TO
SHUT IN ITS EASTERN PRODUCTION AREAS WITHIN 36-48 HOURS DUE
TO A LACK OF STORAGE.

DOMESTIC FUELS MARKET

7. (C) THERE ARE STILL SIGNIFICANT CONCERNS ABOUT THE
DOMESTIC FUELS MARKET. FUEL IS DISTRIBUTED NATIONALLY BY
BOTH TANKERS AND TRUCKS. BOTH ARE EXPERIENCING DIFFICULTIES
WITH SHIPPING VIRTUALLY PARALYZED AND MANY TRUCKERS REFUSING
TO DRIVE OUT OF CONCERN FOR THEIR SAFETY. GASOLINE STOCKS
IN MARACAIBO ARE LOW (PARTICULARLY OF UNLEADED GASOLINE) AND
ONE INDUSTRY SOURCE HOLDS THAT OVER 50 PERCENT OF SERVICE
STATIONS WILL BE CLOSED ON DECEMBER 6 IF DELIVERIES ARE NOT
MADE OVER NIGHT. THE [redacted]
REPORTS THAT THE CARACAS REGION HAS SUPPLY FOR 2-3 DAYS.
CARACAS GAS STATIONS APPEAR FOR THE MOST PART TO BE OPERATING
NORMALLY.

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COMMENT

[redacted]
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